

Impact of Effective Performance Appraisal Systems on Employee Motivation and Retention in Private Banking Industry of Bangladesh

Md. Farhad Hossain^{a++*} and Nazrul Islam^{b#}

^a Faculty of Business Administration, EXIM Bank Agricultural University Bangladesh, Bangladesh.

^b Faculty of Business, Northern University Bangladesh, Bangladesh.

Authors' contributions

This work was carried out in collaboration between both authors. Both authors read and approved the final manuscript.

Article Information

DOI: 10.9734/JEMT/2023/v29i81111

Open Peer Review History:

This journal follows the Advanced Open Peer Review policy. Identity of the Reviewers, Editor(s) and additional Reviewers, peer review comments, different versions of the manuscript, comments of the editors, etc are available here: <https://www.sdiarticle5.com/review-history/99322>

Original Research Article

Received: 01/04/2023

Accepted: 09/05/2023

Published: 24/05/2023

ABSTRACT

Aims: Healthy economic development requires properly managing the banking industry of any country. Along with state-owned banks, private banks play a critical role in the country's economy. Managers in all types of banks now confront the same challenge: how to get the utmost output from their employees. Therefore, Performance appraisal appears to be inevitable since it set the standard for comparing actual performance to established objectives and recommending practical solutions that help the organization achieve sustainable growth. Therefore, the purpose of this research is to determine the effect of performance appraisal on employee motivation and retention.

Place and Duration of Study: The study was conducted in the private banking industry of Bangladesh between November 01, 2022, to March 30, 2023. The study duration was determined

⁺⁺ Lecturer;

[#] Professor;

*Corresponding author: E-mail: rf.farhad73@gmail.com;

based on the scope of the research project and the availability of time and resources to complete it within the designated timeframe.

Methodology: A random sampling method was used to conduct the study through a structured questionnaire among 110 employees from various private banks. Questionnaires were used to collect quantitative data, which was then analyzed using the Statistical Package for Social Sciences (SPSS) 25.0 software.

Results: Major findings of the study indicate that performance appraisal is critical for employee motivation and employees perceived performance appraisal as a fair procedure, which increased their motivation and retention. Compensation and reward, and feedback are also perceived positively by the employees, which motivate them to stay in the banks.

Conclusion: There is a recommendation that banks should review the appraisal process regularly, improve the feedback policy, introduce an effective reward system, provide the opportunity to employees for career development and empowerment, and maintain a participative environment.

Keywords: Economic development; performance appraisal; sustainable growth; compensation and reward; feedback policy; career development; empowerment.

1. INTRODUCTION

The beginning of the 21st century saw a rapid business change to attract and retain talent. Globalization, technology abuse, and increased competitiveness are all contributing factors. Performance appraisal is one of the most important aspects in motivating workers to put forth their maximum efforts in generating creative ideas that contribute to a stronger company functioning and improved financial and non-financial effectiveness [1]. Identifying, measuring, and monitoring the output of people in firms is what performance evaluation comprises. Employees can be motivated and their performance can be improved by using performance assessments [2]. By highlighting, where an employee's capabilities are and noting issues that still need work, an assessor may assist concentrate an employee's attention on a track that will create the most beneficial results. Reinforcing actions that have resulted in strong good outcomes should also encourage the individual to keep performing in this manner [3].

Managers in all types of banks encounter the same challenge: how to take full advantage of their workforce. As a result, performance appraisal appears to be inescapable. People will naturally, informally, and indiscriminately defend the job performance of others, even subordinates, without the presence of a properly planned procedure of appraisal. Without a systematic assessment system, the human tendency to judge can result in severe motivating, moral, and regulatory problems in the workplace. Without a systematic assessment system, there is no way to ensure that the decisions made are legitimate, equitable,

rational, and reliable. In light of this, the focus of this research is to find out how performance appraisal affects employee motivation and retention in the private banking industry of Bangladesh.

1.1 Literature Review

Anjum, N. &. [4] investigates the prevailing performance appraisal system and promotion policy of selected public commercial in Bangladesh. Through interviews with six experienced professional employees from different banks, the study revealed that these banks mainly rely on the ACR method for performance evaluation and promotion, except for Agrani Bank which recently implemented the PER method - an automated system and software for evaluating employee performance. However, the absence of formal feedback procedures in public banks hinders employees from recognizing their performance gaps and areas for growth. The study also found that performance evaluations often depend on senior personnel, particularly the manager's perception of their employees, favoring those with good relationships with their managers. The authors recommended that public commercial banks should be more mindful of their entire process of assessing employee performance to remain competitive and secure in the market. They suggested that banks should focus on feedback policies for performance appraisals and yearly reviews to monitor the real quality of performance increase expected from employees.

Islam, M. A. [5] found In the commercial banking sector of Bangladesh's Rajshahi division, research was done to determine the impact of

Management by Objectives (MBO) on staff satisfaction and performance evaluation. A sample of 60 workers from 33 commercial banks participated in the study and was asked to respond to a self-administered questionnaire. The study's findings showed a strong correlation between employee satisfaction and performance evaluations ($r=0.715$). This shows that when performance reviews are done well, they may increase employee happiness, which raises productivity and effectiveness throughout the company. The study also found that proper reward mechanisms play a crucial role in enhancing employee satisfaction levels. Although most commercial banks applied the MBO approach, the study highlighted that achieving desired goals could sometimes be challenging. Therefore, it is essential for management or higher authorities to properly utilize the MBO method, as clear communication of objectives and a positive attitude towards achieving goals among employees are critical factors for the success of the MBO approach. Overall, the study provides valuable insights into the importance of MBO in managing employee performance and highlights the need for effective communication, reward mechanisms, and proper implementation of the MBO approach to increase employee satisfaction and organizational effectiveness.

Al-Jedaia, Y. &. [6] discovered that employee motivation and job performance share a positive correlation, with the purpose and evaluation of performance appraisals playing a significant role in motivating employees to perform better. Interestingly, the study indicated that neither leadership style nor performance rating standards had any effect on employee motivation or performance. The study used a survey-based descriptive research approach to gather 294 answers to investigate the effect of performance assessment on job performance in Qatar's government sector.

Setiawati, T. &. [7] Conducted a study to explore how performance appraisal fairness and job satisfaction can impact job performance through employee commitment. 187 employees participated in the study and provided their responses to questionnaires. The collected data were analyzed using a t-test, F-test, multiple linear regression, and path analysis. The findings of the study revealed that performance appraisal fairness and job satisfaction positively and significantly influence employee commitment, both partially and simultaneously. Based on their results, the authors suggest that organizations

should ensure that their performance appraisal system is fair and just when assessing employee output, as this can lead to increased employee retention and morale.

Ugoani, J. [8] undertook a study to delve into the link between employee productivity and performance appraisal. Through exploratory research design, data was gathered from 109 participants and analyzed, leading to a significant finding of a strong positive correlation ($R = 0.790$) between performance appraisal and employee productivity. The study emphasizes the importance of providing regular feedback to employees and suggests that organizations should assess their strengths and weaknesses before assigning any new responsibilities. Ugoani's study sheds light on the crucial role of performance appraisal in driving employee productivity and offers valuable recommendations for organizations seeking to optimize their management practices.

Upadhyay, R. K. [9] demonstrated a positive and significant correlation between performance appraisal and team effectiveness in the service sector. The findings also revealed that employee relations partially mediate this relationship, and employee satisfaction moderates the association between performance appraisal and employee relations. The authors recommend that organizations implement a well-designed appraisal system to improve productivity and remain competitive. Failure to do so may lead to a decline in employee satisfaction and a failure to achieve organizational objectives.

Ahmad, A. D. [10] conducted a study to look at how employee work satisfaction is affected by assessment and incentive systems. 250 participants completed a standardized questionnaire that the researchers then used statistical methods including regression analysis, correlation analysis, descriptive analysis, and t-tests to examine. The results revealed a contrast between the reward system and employee work satisfaction, which had a positive link. The authors also discovered that employee performance was positively impacted by both the incentive and assessment systems. In light of these findings, the authors suggested that top-level management, in the absence of a reward and appraisal system, take into account additional factors, such as manager attitudes, the working environment, and coworker behavior, to ensure the best possible employee output and achieve sustainability.

Aleem, M. &. [11] researched how performance reviews relate to staff retention and organizational engagement in Pakistan's banking industry. The researcher gathered information from 24 managers who were employed by eight of Pakistan's largest banks. For the analysis, themes, and nodes were used for the qualitative portion, and the correlation matrix and regression were used for the quantitative portion. According to the findings, performance evaluation significantly affects employee retention and organizational commitment. This research underlines the need of having a sound performance assessment system to boost employee engagement and retention in Pakistan's banking industry. As a recommendation, the authors suggested that banks should periodically review their quota system to ensure an acceptable performance appraisal system and focus on feedback policies to improve employee commitment and retention.

Vashistha, N. &. [12] analyzed data collected from 150 employees from several public and private sector banks which allowed researchers to examine the relationship between performance evaluation and employee motivation. The purpose of the study was to examine how motivation levels among bank employees were impacted by performance evaluations. The study discovered a strong and positive correlation between employee motivation and performance assessment. These results highlight how important efficient performance assessment systems are for raising employee motivation levels in the banking sector. So, to increase employee engagement and accomplish organizational objectives, businesses should give top priority to designing and implementing an efficient performance assessment system. The authors suggest that organizations can enhance their employees' motivation by ensuring a proper appraisal system and feedback mechanism. The authors recommend that the more an organization invests in establishing an effective appraisal system and feedback loop, the greater the potential to motivate their employees.

Nawaz, M. S. [13] conducted a study to explore the impact of the fairness of performance appraisal and career growth on turnover intention. The study collected data from 150 employees from diverse organizations and utilized the structural equation modeling (SEM) path analysis technique for analysis. The results of the study indicated that to retain talented employees, organizations need to have a proper

appraisal system in place and offer ample opportunities for career development. The study also found that a good promotional strategy can help organizations achieve optimal performance from their employees. Based on their findings, the authors recommend that organizations should prioritize developing a fair and effective appraisal system, offering opportunities for career growth, and implementing a solid promotional strategy to enhance employee retention and performance.

Kabir, M. A. [14] conducted an empirical survey to gather the opinions of private commercial bank executives in Bangladesh about various areas of performance evaluation schemes. They collected data from three prominent banks through a structured questionnaire, which included an interview and Likert's 5-point scale questions. The study revealed that all three banks prioritize developing their employees' knowledge of institutional values and interpersonal skills such as proactive leadership, initiative, drive, and judgment in decision-making for effective customer problem-solving. However, the study also found that these banks paid less attention to organizational and customer behavioral aspects such as employee participation, building professionalism, training and development, and communication. The authors recommend that banks should increase their focus on employee morale related to performance assessment schemes and create a positive working environment for learning.

Rahim, S. A. [15] conducted a study to assess the performance appraisal system of Mercantile Bank Limited by surveying 80 employees from its 20 branches in Dhaka City using a structured questionnaire. One major finding of the study was that the bank lacked a uniform policy for performance appraisal and that the appraisal process was not confidential, allowing all employees to see the ratings and feedback related to performance evaluation. The study also suggested that when making performance measurement decisions, both qualitative and quantitative components should be considered, and those responsible for decision-making should be honest, sincere, and serious in their evaluations of subordinates. This highlights the importance of a fair and confidential performance appraisal system in ensuring the effective functioning of an organization.

Aktar, S. S. [16] investigated the relationship between intrinsic and extrinsic rewards and employee performance in commercial banks in

Bangladesh. Using a structured questionnaire, data were collected from 180 employees selected from 12 commercial banks (2 government-owned and 10 non-government-owned, including 4 Islamic banks and 6 non-Islamic banks). The data were analyzed using descriptive statistics, and the results showed a favorable link between intrinsic and extrinsic incentives and employee performance. Nonetheless, to boost staff engagement and motivation, the authors advised banks to use both kinds of awards. These results suggest that incorporating a comprehensive rewards system can significantly impact employee performance and ultimately benefit the organization.

Daoanis, L. E. [17] conducted a study to examine the relationship between a well-structured performance appraisal system and employee performance. The study's conclusions showed a substantial positive association between an effective system for performance reviews and employee output. It was noted that without ensuring an effective appraisal system and offering appropriate rewards, organizations might struggle to maximize the potential of their talented employees. The study specifically looked at the performance appraisal system of the Nass Construction Company and collected data through interviews, focus group discussions, and survey questionnaires. Based on the results, the authors recommended that organizations should review and revise their appraisal system yearly to promote employee engagement and involvement.

Hafiza, N. S. [18] found extrinsic rewards and employee motivation are strongly correlated, but intrinsic rewards have a less profound effect on motivation. Based on these findings, employers should concentrate on offering a range of fringe benefits to workers to improve their ability to do their jobs. Bonuses, incentives, and other types of extrinsic rewards may be included in this; they can raise employee motivation levels and, as a result, increase corporate productivity. Organizations must put a high priority on employee wellness and build an atmosphere that encourages motivation and job satisfaction.

Rubel, M. R. [19] conducted research with a focus on the mediating effects of organizational commitment to examine how the fairness of performance reviews and promotion possibilities impacts nurses' desire to leave their jobs. According to the study, nurses' level of organizational commitment and desire to leave

had a substantial negative impact on how fair they assessed performance reviews and promotion possibilities to be.

Hossain, M. A. [20] studies have shown that assigning a single individual to evaluate employee performance can result in biased evaluations, as the evaluator may take into account their prior relationship with the employee during the evaluation process. To avoid such biases, organizations should implement various programs to educate raters and reduce rating scale errors. This would ultimately lead to evaluations that are more accurate and encourage raters to provide constructive feedback on employee performance.

Huda, K. N. [21] found that the introduction of Employee Performance Management Systems (EPMS) can significantly enhance the performance culture of banks. By implementing EPMS, employees become more engaged in their responsibilities, leading to a more favorable working environment for all. This highlights the importance of EPMS in promoting a positive and productive workplace culture in banks, which ultimately helps to retain and motivate talented employees.

Gulzar, S. A. [22] examined the impact of employee performance appraisal on retention. The study found a notable positive correlation between employee performance appraisal and retention, indicating that regular and accurate appraisal systems are crucial for making fair decisions about employee performance. Therefore, it is recommended that organizations adopt proper appraisal systems and implement them consistently to ensure fair and appropriate retention decisions.

Ramlall, S. [23] investigated the relationship between various motivational theories and the employees retention. according to the findings organizations needs to ensure proper working environment, fairness and equity and also employee development platform to retain the competent employees.

Salman, A. A. [24] performed a study to better understand how employee retention affects bank performance, this study will look at the elements that affect it in Karachi, Pakistan's banking industry. Purposive sampling was used to gather data, which was then analyzed using SPSS employing closed-ended questions with a Likert

scale of 1 to 5 as a scoring system. The study discovered no correlation between employee training and development and retention, but a substantial correlation between employee motivation and retention. The study suggests that banks change their policies to enhance workforce development and training, which will aid in employee retention for longer periods of time.

2. METHODOLOGY

This research utilized a descriptive research design as it is best suited for describing the effects of the relationship between performance appraisal and employee motivation and retention. The study employed a combination of qualitative and quantitative data collection methods, with continuous scales (ranging from strongly agree to strongly disagree) and multiple-choice and interview questions being used to measure the items on the instrument. The 5-point Likert scale was utilized in the study, with values of 1 to 5 representing Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree, respectively. The sampling method used in the research was random, and the target population was employees of various private banks. The survey consisted of 22 questions, including demographic information and 110 respondents participated. The study used both qualitative and quantitative methodologies to address the research questions and objectives. To calculate the bivariate correlation between variables on a scale of -1 to +1, the research used the Pearson correlation coefficient, also known as Pearson's *r*. The values of -1 and +1 represent total negative and

total positive linear correlation, respectively, while 0 indicates no linear correlation.

2.1 Hypotheses

H1: Proper performance appraisal system has a significant role in employee motivation and retention in the private banking industry of Bangladesh

H2: Compensation and rewards have a significant role in employee motivation and retention in the private banking industry of Bangladesh

H3: Proper feedback on employee evaluation has a significant role in employee motivation and retention in the private banking industry of Bangladesh

2.2 Conceptual Framework

A structured self-administered questionnaire instrument is used in this research for data collection. Here, the independent variable is the performance appraisal system, compensation, reward, and feedback, and the dependent variable is employee motivation and retention. Through the questionnaire, an attempt is made to uncover the connection between the performance assessment system, compensation and reward, feedback, and employee motivation and retention.

From the relation, the result as in the impact of performance appraisal System, compensation and reward, feedback in employee motivation and retention will be found.

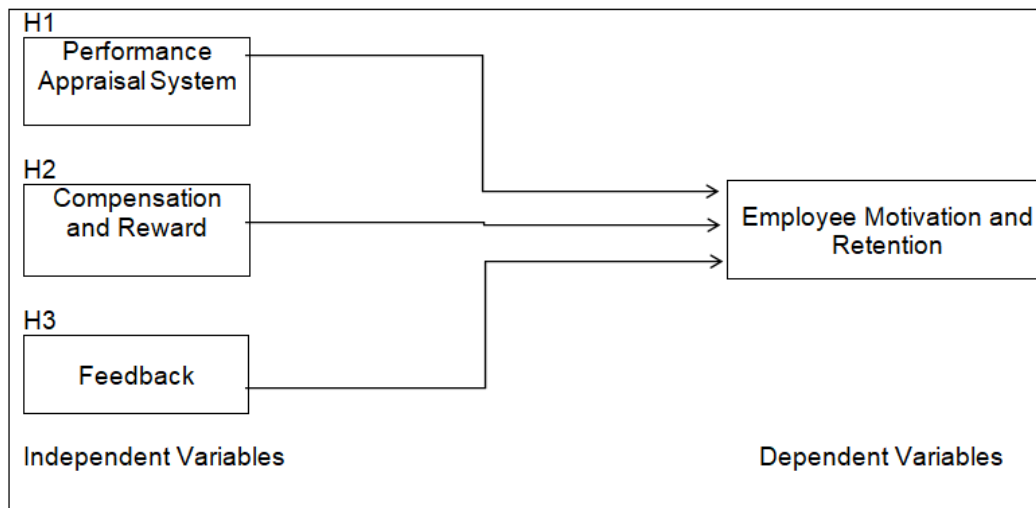


Fig. 1. Conceptual framework

2.3 Data Analysis

The following analysis provides an overview of the relationship between the single dependent variable with the set of independent variables. Pearson's Correlation analysis and regression analysis were performed to see whether there was a link between the independent and dependent variables. Statistical software was assigned to carry perform each of these operations. The name of this software is Statistical Package for Social Science (SPSS), version 25.0.

2.3.1 Demographic characteristics of respondents

110 employees from private commercial banks in Bangladesh participated in the questionnaire survey. The demographic features of the employees who participated as respondents in this sample are listed in figure:

Appendix Fig. 1^(a) represents that out of 110 employees, 75 are male and 33 are female. Although the banks provide equal employment to both males and females these figures, suggest a lower level of female involvement.

Appendix Fig. 2^(b) represents that out of 110 employees, the experience data shows that 30% or 33 employees have experienced between 5-10 years and 28.2% or 31 have experienced between 2-5 years. Without these 26.4% or 29 have experienced between 1-2 years and the remains or 17 persons have experienced between 10-20 years. So, most of the employees who participate in the research have experienced between 5-10 years.

2.3.2 Appraisal methods

Appendix Fig. 3^(c) represents that most of the responses lie in modern methods, which the banks used to appraise their employee's performance.

60% or 66 employees out of 110, state that their bank uses modern methods of performance appraisal, and the remaining 44, or 40% of employees state their bank used traditional methods of performance appraisal.

Appendix Fig. 4^(d) represents that of employees who choose traditional methods here 60% said their banks use the checklist method and most of the employees state that their bank uses a ranking method for performance appraisal.

Appendix Fig. 5^(e) represents that 360-degree performance appraisal and management by objectives are the very popular appraisal method. As we see out of 76 responses, 43 choose 360-degree performance appraisal that their bank use and 28.9% or 22 employees state that their bank uses management by objectives methods to appraise their employees. Without these two approaches, many banks use assessment centers, and behaviorally anchored rating scales are being used by the banks for performance appraisal.

Many employees choose both traditional and modern methods that have been used by their banks for performance appraisal. According to their view, their bank used both the ranking method and 360-degree performance appraisal method for employee performance appraisal.

3. RESULTS AND DISCUSSION

3.1 Results of Descriptive Analysis

The rating of Strongly Disagree to Strongly Agree was provided in this order from 1 to 5. As a result, the average response to statements is shown by the Mean of each statement. The majority of responders agreed with the views expressed. However, a few strongly disagreed as well.

Based on the sample responses, it can be observed that the mean score for the assessment of performance in banks falls between 3.71 to 4.15, with a standard deviation value of 0.752 to 1.049. This suggests that a majority of the respondents share similar views on this topic, indicating agreement regarding their banks' performance assessment. However, the deviation value also indicates the presence of some variations in responses, implying that there may be some issues or concerns regarding this context that need to be addressed.

Here N indicates the sample size and the mean scores were calculated by equally weighing all of the items' scores. On a five-point scale, the mean score for Employee Motivation and Retention is found to be 4.00 (SD=0.63). It implies that the bank's employee motivation and retention are good.

On a five-point scale, the mean score for the performance appraisal system is 3.91 (SD=0.51). It indicates that the banks use a proper performance appraisal system and processes.

The mean score for compensation and rewards is found to be 3.86 (SD=0.68) which means banks are performing good compensation and reward practices. The mean score for feedback is found to be 3.95 (SD=0.77) which indicates that the bank's feedback policy is average.

The standard deviation of one is very high and lower than one means there is less deviation. Since the Standard Deviation for each variable is below one, we can conclude that the deviation is less in the result.

Table 1. Descriptive statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Is your organization using a formal performance appraisal system?	110	1	5	534	4.85	.752
The bank performance appraisal system is reliable	110	2	5	397	3.61	.836
An appraisal is done regularly (yearly, half-yearly, quarterly, monthly)	110	1	5	408	3.71	.860
I think the Appraisal system of my organization is fair and ethical	110	2	5	422	3.84	.873
I have a positive attitude toward the Performance Appraisal process	110	1	5	416	3.78	1.008
The Appraisal system of my organization helps me to adapt to new situations	110	1	5	421	3.83	1.003
To evaluate all activities in comparable grades and levels, the performance appraisal system uses a consistent structure and method.	110	1	5	415	3.77	.895
Performance Appraisal supports proper compensation packages for employees	110	1	5	414	3.76	1.049
In the performance appraisal form, job-related contents which are very clear and standardized are fairly included, and proper reward is given based on the evaluation	110	2	5	424	3.85	.897
Promotion and other benefits are dependent on the performance of the individual employee	110	1	5	432	3.93	1.020
The organization provides you with career development facilities and empowerment to stay in the organization	110	1	5	429	3.90	.908
I am satisfied with the performance assessment system's feedback component	110	1	5	432	3.93	.906
I receive specific and accurate feedback on my past performance	110	2	5	439	3.99	.873

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
The Appraisal process has an impact on employee performance	110	2	5	441	4.01	.883
Performance appraisal brings job satisfaction in your job through improving job performance	110	2	5	440	4.00	.919
An effective appraisal system keeps the employees motivated	110	2	5	445	4.05	.817
The current appraisal system motivates you to learn new things and encourages you to stay in the organization	110	2	5	438	3.98	.888
Valid N (list-wise)	110					

Table 2. Descriptive statistics of variables

	Mean	Std. Deviation	N
Employee Motivation And Retention	4.0091	.62619	110
Performance Appraisal system	3.9130	.51201	110
Compensation And Reward	3.8614	.68200	110
Feedback	3.9591	.76964	110

3.2 Results of Correlations Analysis

A statistical method for assessing how closely two variables are connected is correlation analysis. The correlation coefficient, which has a value between -1.0 and 1.0, shows how strongly and in which direction the variables are related. A perfect correlation has a value of -1.0 for a negative correlation and a value of 1.0 for a positive correlation. This indicates that when there is a positive correlation, the variables move in the same direction, and when there is a negative correlation, they move in opposing directions. The correlation coefficient cannot fall below -1.0 or rise beyond 1. In essence, the correlation coefficient helps researchers better comprehend the dynamics between two variables by offering insightful information on the degree of a link between them.

Correlation analysis for all the variables is shown in Table 3. It examines the correlation among Performance appraisal Systems, compensation and reward, feedback, employee motivation, and retention. All of the independent variables “performance appraisal System, compensation and reward, feedback” are found significantly and

positively correlated with the dependent variables “employee motivation and retention”. The results of the correlation analysis showed that there is a moderate relationship between the independent variables (performance appraisal system, compensation, and reward, feedback) and the dependent variables (employee motivation and retention). Specifically, a positive correlation was found between the performance appraisal system and employee motivation and retention, with an R-value of 0.603 and a p-value less than 0.05. Similarly, a positive correlation was observed between compensation and reward and employee motivation and retention, with an R-value of 0.578 and a p-value less than 0.05. Lastly, a positive correlation was found between feedback and employee motivation and retention, with an R-value of 0.515 and a p-value less than 0.05. Therefore, it can be concluded that there is a moderate relationship between the independent variables and dependent variables, highlighting the importance of implementing an effective performance appraisal system, providing adequate compensation and rewards, and providing regular feedback to ensure employee motivation and retention in the organization.

Table 3. Correlation analysis of variables

		Performance appraisal system	Compensation and reward	Feedback	Employee motivation and retention
Performance Appraisal System	Pearson Correlation	1	.723**	.575**	.603**
	Sig. (2-tailed)		.000	.000	.000
	N	110	110	110	110
Compensation And Reward	Pearson Correlation	.723**	1	.564**	.578**
	Sig. (2-tailed)	.000		.000	.000
	N	110	110	110	110
Feedback	Pearson Correlation	.575**	.564**	1	.515**
	Sig. (2-tailed)	.000	.000		.000
	N	110	110	110	110
Employee Motivation And Retention	Pearson Correlation	.603**	.578**	.515**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	110	110	110	110

** Correlation is significant at the 0.01 level (2-tailed)

3.3 Results of the Hypothesis Testing

Hypothesis 1: A proper performance appraisal system has a significant role in employee motivation and retention.

The null hypothesis is “Proper performance appraisal system does not have a significant role in employee motivation and retention”.

The alternative hypothesis is “A Proper performance appraisal system has a significant role in employee motivation and retention”.

After conducting a one-way ANOVA analysis, the results in Table 5 showed that the F-value was 7.747, and the corresponding p-value was 0.000. Since the p-value is less than the commonly accepted significance level of 0.05, the null hypothesis can be rejected, indicating that a proper performance appraisal system plays a significant role in employee motivation and retention. Therefore, it can be concluded that having an effective performance appraisal system in place is critical for ensuring that employees are motivated and retained in the organization.

Hypothesis 2: A proper performance appraisal system does not have a significant role in employee motivation and retention in the private banking industry of Bangladesh

The null hypothesis is “Compensation and rewards do not have a significant role in employee motivation and retention”.

The alternative hypothesis is “Compensation and rewards have a significant role in employee motivation and retention”.

In Table 6 after using one-way ANOVA, F = 5.12, p-value=0.00. The p-value has been found less than 0.05. That means the null hypothesis may be rejected at a 5% level of significance. Therefore, it can be concluded that Compensation and Reward have a significant role in employee motivation and retention.

Hypothesis 3: Compensation and rewards have a significant role in employee motivation and retention.

The null hypothesis is “Proper feedback on employee evaluation does not have a significant role in employee motivation and retention”

The alternative hypothesis is “Proper feedback on employee evaluation has a significant role in employee motivation and retention”

Based on the results of the one-way ANOVA presented in Table 7, it was found that the F-value was 5.27, with a corresponding p-value of 0.000. Since the p-value is less than the commonly accepted significance level of 0.05, the null hypothesis can be rejected, indicating that Proper feedback on employee evaluation has a significant role in employee motivation and retention. Therefore, it can be concluded that providing appropriate feedback on employee

evaluations is crucial in maintaining employee motivation and retention in the organization.

3.4 Results of Regression Analysis

Regression analysis is a powerful statistical tool used to explore the relationship between two or more variables of interest. This approach involves analyzing how one or more independent variables affect a dependent variable. Although there are various types of regression analysis, the fundamental objective remains the same: to investigate the nature and strength of the association between the variables under consideration. In essence, regression analysis helps researchers to better understand the dynamics between different factors and how they contribute to the overall outcome of interest.

Based on the analysis of a regression model with three independent variables (Performance appraisal System, Compensation and Reward, Feedback) and a dependent variable (Employee Motivation and Retention), the results show a positive correlation ($R = 0.656$ or 65.6%) between the dependent variable and the independent variables. The coefficient of determination ($R^2 = 0.431$) indicates that the independent variables explain 43.1% of the variation in the dependent variable. The Standard error of the Estimate was found to be 0.479.

To determine whether the variables had a regression connection, an ANOVA table was generated. The F-ratio was used to determine the overall goodness of fit of the regression model to the data. The results suggest that the regression model is statistically significant and appropriate for the data under investigation.

The ANOVA statistics shown in Table 9 indicated that the processed data had a significant level of 0.000, suggesting that the model is effective in predicting the relationship between the independent and dependent variables. This means that the study has produced statistically significant findings, as the p-value ($Sig = .000$) is less than .05, indicating that the results are both significant and valid. Therefore, the study has provided reliable evidence of the relationship between the independent and dependent variables, which can be used to inform decision-making and improve employee motivation and retention in the private banking industries in Bangladesh.

Here conduction of regression analysis is to determine the impact of the independent variables, namely the performance appraisal system, compensation and reward, and feedback, on employee motivation and retention. The analysis showed that employee motivation and retention would have a coefficient of 1.008 if the independent variables were kept constant.

The results further revealed that the performance appraisal system has a significant positive relationship with employee motivation and retention, with a regression coefficient of 0.391 and a significant value of 0.05, indicating that a unit increase in the performance appraisal system leads to a 0.391 increase in employee motivation and retention.

Similarly, the regression analysis showed that compensation and reward also have a positive impact on employee motivation and retention, with a regression coefficient of 0.215 and a significant value of 0.035. Thus, a unit increase in compensation and reward leads to a 0.215 increase in employee motivation and retention.

Table 4. Results of hypothesis testing

	Hypothesis	Findings
1.	A proper performance appraisal system has a significant role in employee motivation and retention	Accepted
2.	Compensation and rewards have a significant role in employee motivation and retention	Accepted
3.	Proper feedback on employee evaluation has a significant role in employee motivation and retention	Accepted

Table 5. The one-way analysis of variance in the performance appraisal system

	Sum of squares	df	Mean square	F	Sig.
Between Groups	13.984	12	1.165	7.747	.000
Within Groups	14.591	97	.150		
Total	28.575	109			

Table 6. The one-way analysis of variance in compensation and reward

	Sum of squares	df	Mean Square	F	Sig.
Between Groups	19.661	12	1.638	5.120	.000
Within Groups	31.038	97	.320		
Total	50.698	109			

Table 7. The One-way analysis of variance on Feedback

	Sum of squares	df	Mean Square	F	Sig.
Between Groups	25.483	12	2.124	5.271	.000
Within Groups	39.083	97	.403		
Total	64.566	109			

Table 8. Model summary of variables

Model	R	R square	Adjusted R square	Std. an error in the estimate	Change statistics				
					R square change	F change	df1	df2	Sig. F change
	.656 ^a	.431	.415	.47915	.431	26.722	3	106	.000

a. Predictors: (Constant), Feedback, Compensation, Reward, Performance Appraisal

Table 9. ANOVA

Model	Sum of squares	df	Mean square	F	Sig.
Regression	18.405	3	6.135	26.722	.000 ^b
Residual	24.336	106	.230		
Total	42.741	109			

a. Dependent Variable: Employee Motivation And Retention

b. Predictors: (Constant), Feedback, Compensation, And Reward, Performance Appraisal System

Table 10. Coefficients of variables

Model	Unstandardized coefficients		Standardized coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.008	.356		2.830	.006
Performance Appraisal System	.391	.136	.320	2.879	.005
Compensation And Reward	.215	.101	.234	2.130	.035
Feedback	.162	.075	.199	2.146	.034

a. Dependent Variable: Employee Motivation And Retention

Moreover, we found that feedback in the performance appraisal process positively affects employee motivation and retention, with a regression coefficient of 0.162 and a significant value of 0.034. Hence, given a unit increase in feedback in the performance appraisal process, employee motivation and retention would increase by 0.162 times. In conclusion, the regression analysis supported the positive impact of the independent variables, performance appraisal system, compensation and reward, and feedback, on employee motivation and retention. The study recommends that organizations should focus on implementing an effective performance appraisal system that incorporates compensation

and reward and feedback to increase employee motivation and retention.

4. CONCLUSIONS

Proper performance appraisal is a crucial factor in achieving productive employees, competitive advantage, and sustainable growth in the marketplace. Without an efficient performance appraisal system, compensation and reward schemes, and a well-structured feedback policy, businesses cannot expect to receive the best output from their employees. These three elements are positively correlated with employee motivation and retention, which is now

recognized as an organization's most valuable resource for competitiveness in the business sector. Recruitment and retention of the appropriate talent remain a significant challenge for organizations, and an effective performance assessment system is one of the tools that businesses may use to retain their human assets. This study aimed to examine the impact of proper performance appraisal on employee motivation and retention in the private banking industry of Bangladesh. The study analyzed the relationship between the performance appraisal system, compensation and rewards, and feedback to motivate and retain employees. The focus of this research was to investigate whether a well-structured performance appraisal system can lead to increased employee motivation and retention in the private banking industries of Bangladesh. The results from this study revealed that a positive correlation exists between the performance appraisal system, compensation, rewards, and feedback policies, and increased employee motivation and retention. The findings of the correlation analysis showed a significant positive relationship between these factors. In conclusion, the implementation of an efficient performance appraisal system that includes compensation and rewards, as well as feedback, is essential for employee motivation and retention in the private banking industry of Bangladesh. Banks must recognize the significance of their human assets and implement effective performance assessment systems to retain them. By doing so, banks can achieve productive employees, competitive advantage, and sustainable growth in the marketplace

5. FUTURE RESEARCH DIRECTION

The study at hand primarily focuses on the impact of effectiveness performance appraisal on employee motivation and retention in private commercial banks in Bangladesh. However, future research could be in public commercial banks. Further research into these practices might be done by conducting comparisons between public and private commercial banks in Bangladesh. Without this future research may be based on effectively managing a performance appraisal system which may also include additional areas or nations with comparable situations to get over the study's geographical limitations. Overall, there is a variety of ways that additional research might expand on the results of this investigation.

6. MANAGERIAL AND POLICY IMPLICATIONS

As the study on the impact of effectiveness performance appraisal systems on employee motivation and retention in the private banking industry of Bangladesh has several managerial and policy implications, including:

Effective performance assessment systems are a tool that managers in Bangladesh's private banking sector may utilize to increase employee engagement and retention. Managers may provide employees with a clear picture of their performance goals and reward them for surpassing or meeting them by conducting honest and efficient performance appraisals. Effective performance assessment systems may be implemented with the help of policies relating to compensation and rewards. Government agencies or business associations might establish policies or rules requiring private financial institutions to carry out frequent, fair performance reviews and to offer rewards to those institutions that commit to good performance management. To support the effectiveness of appraisal systems, managers and employees can receive appropriate feedback on the system. Overall, the results of this study point to the possibility that the private banking industry in Bangladesh might greatly benefit from using efficient performance assessment systems to raise employee motivation and retention. However, careful planning, strong support, a dedication to continuing review, and improvement are necessary for the effective deployment of these systems.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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APPENDIX

a- Gender

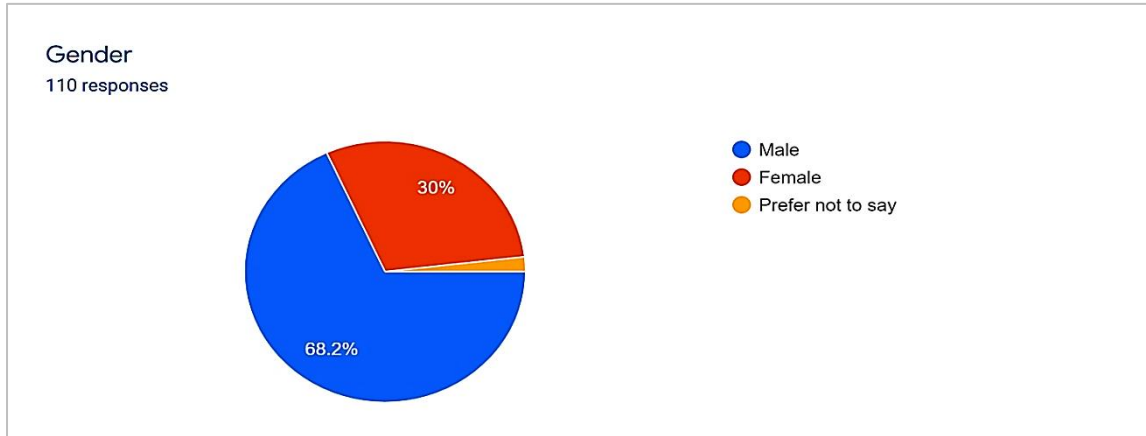


Fig. 1. Gender of the Respondents

b- Experience

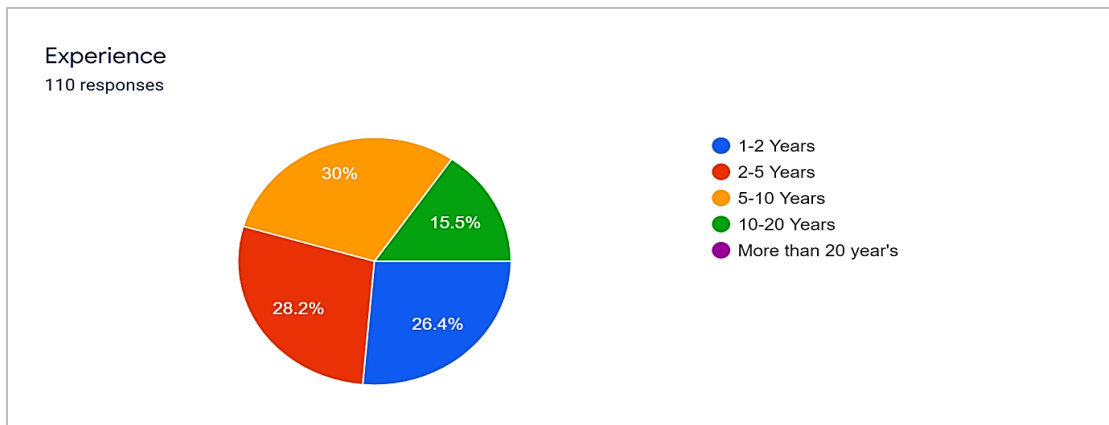


Fig. 2. Experience of the Respondents

c- Appraisal Methods

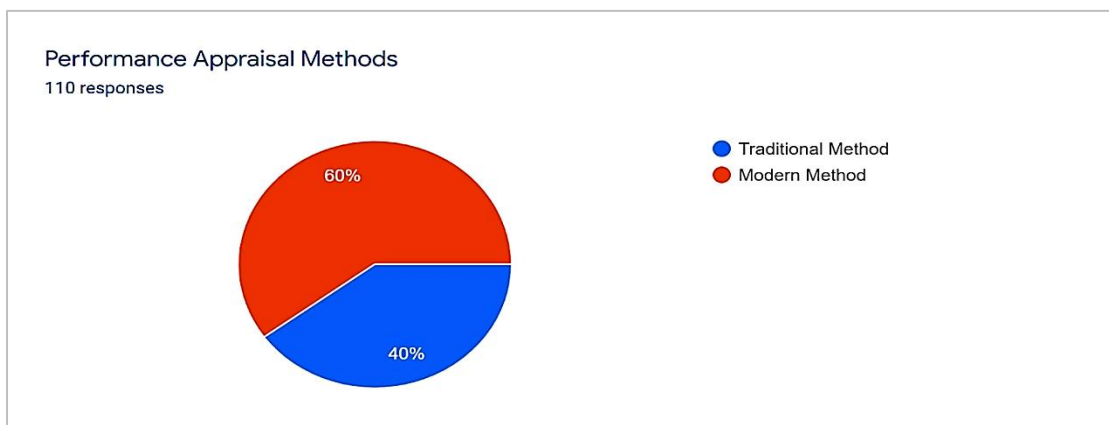


Fig. 3. Appraisal Methods

d- Traditional Appraisal Methods

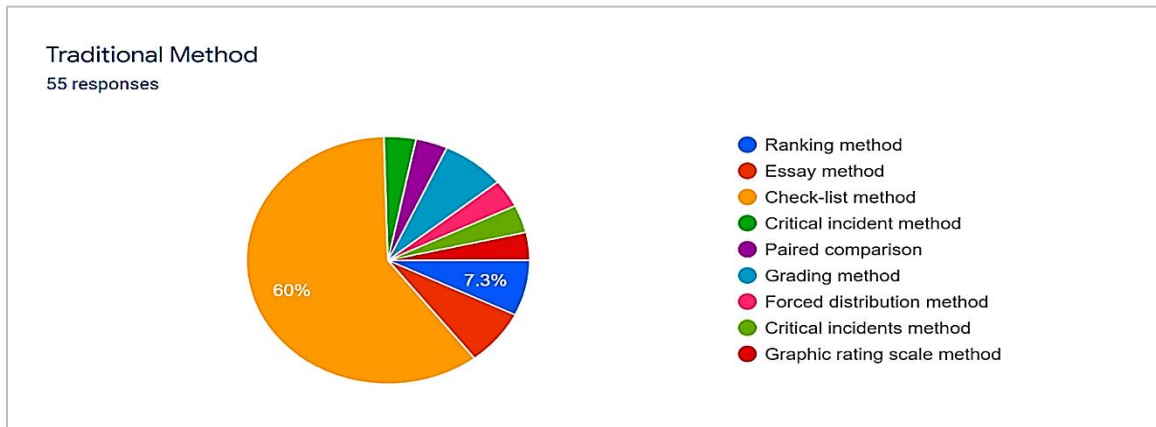


Fig. 4. Traditional Appraisal Methods

e- Modern Appraisal Methods

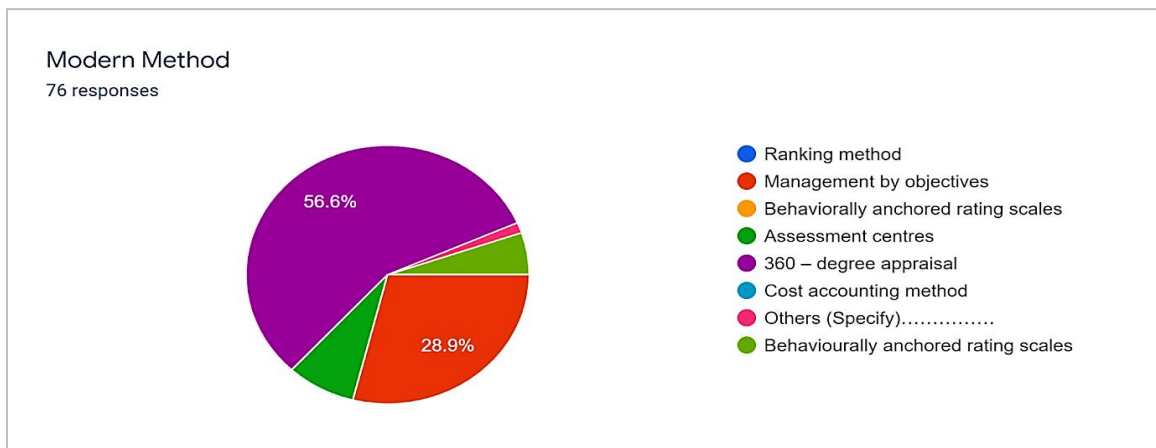


Fig. 5. Modern Appraisal Methods

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Peer-review history:
The peer review history for this paper can be accessed here:
<https://www.sdiarticle5.com/review-history/99322>